GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:426
ANSWERED ON:04.05.2007
VAISHAKHA SAKA SOFT LOANS TO FARMERS
Chavda Shri Harisinh Pratapsinh;Patel Shri Jivabhai Ambalal

Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to provide soft loans to farmers;

(b) if so, the details thereof :

(c) whether the private banks have also been directed to provide such loans to the farmers; and

(d) if so, the reaction of the private banks thereto?

Answer

FINANCE MINISTER (SHRI P.CHIDAMBARAM)

(a) to (d) : A Statement is laid on the Table of the House.

Statement referred, to Parts (a) to (d) of LOk Sabha Starred Question No. 426 to be answered on 4th May 2007, regarding; Soft Loans to farmers, tabled by Shri Jivabhai Ambalal Patel and Shri Harisinh Chavda.

(a)&(b) : To reduce the burden of interest on Crop Loans availed by farmers for Kliarif and Rabi 2005-06, an amount equal to two percentage points of the borrower`s liability on the principal amount upto Rs. 1,00,000/- each was credited to their account. Thereafter, from Kharif 2006, to ensure that the farmer receives Short-Term Production Credit at 7% with an upper limit of Rs.3 lacs on the principal amount, the Government is providing interest subvention of 2% per annum to Public Sector Banks, Regional Rural Banks(RRBs) and Cooperative Banks on their lending from their own resources and refinance at concessional rates to cooperative banks and RRBs on their borrowings from NABARD.

(c)&(d) : No directions have been issued to Private Sector Banks to provide soft loan to farmers. The outstanding advances to agriculture by Private Sector Banks in the last 3 years has shown an increase as indicated below :
March, 2004 - Rs. 17,649 crore
March, 2005 - Rs. 21,473 crore March, 2006 - Rs. 36,185 crore
September 2006 - Rs. 32,178 crore